

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6645

BILL NUMBER: HB 1116

DATE PREPARED: Dec 6, 2001

BILL AMENDED:

SUBJECT: IURC Enforcement Authority.

FISCAL ANALYST: John Parkey

PHONE NUMBER: 232-9854

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill repeals current provision granting the Utility Regulatory Commission (IURC) enforcement powers over utilities and replaces it with provision authorizing the IURC to impose civil penalties of up to \$25,000 on public utilities for violations of or noncompliance with utility statutes, rules, and orders. The bill requires the civil penalties to be: (1) deposited in the commission public utility fund account; (2) refunded directly to customers; or (3) awarded to another utility harmed by the violation or noncompliance. The bill authorizes the IURC to order a utility to provide service in emergency situations. It also authorizes the IURC to require a public utility to post a reasonable performance bond before operating.

Effective Date: July 1, 2002.

Explanation of State Expenditures: This proposal extends the IURC's fining and enforcement authority over regulated utilities. The proposal would give the IURC the ability to: impose civil penalties, issue cease and desist orders, and modify permits issued by the Commission. The IURC is expected to be able to absorb any additional administrative costs associated with this proposal.

The proposal also authorizes the Attorney General to bring an action to enforce an order of the Commission. If more legal actions are sought, the administrative burden of the Attorney General's office may increase.

Background on IURC and OUCC Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2001, fees from the utilities and fines generated approximately \$8.6 M.

Explanation of State Revenues: Under this bill, the IURC could impose a civil penalty of up to \$25,000

for each violation or act of noncompliance by an utility. Fines collected under this provision would be directed to:

- 1) customers of the violating utility, if the violation directly impacts ratepayers;
- 2) another utility, if the violation directly harms another utility; or
- 3) the IURC for public interest projects, if the violation neither directly impacts ratepayers or harms another utility.

It is not known in how many instances the IURC would impose monetary penalties

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor; Office of the Attorney General.

Local Agencies Affected:

Information Sources: Mike Leppert, Executive Director, IURC, (317) 232-2714.